

Message Text

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PAGE 01 TOKYO 12767 111045Z

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TAGS: ELAB, JA

SUBJ: LABOR ADMINISTRATIVE VICE MINISTER'S VIEWS ON ECONOMY

SUMMARY. ADMINISTRATIVE VICE MINISTER OF LABOR DOSHO (TOP CAREER OFFICIAL IN MINISTRY) SAID MITI AND ELEMENTS OF JAPANESE MEDIA EXAGGERATING SERIOUSNESS OF UNEMPLOYMENT SITUATION IN JAPAN TO PROMOTE GREATER GOJ SPENDING AS WELL AS SUBSIDIES TO AILING BUSINESSES. STRESSED LABOR MINISTRY'S INTEREST IN REDUCING CURRENT DOUBLE DIGIT INFLATION TO 9.9 PERCENT OR LESS, HINTED INDIRECTLY THAT GOJ WOULD RECOMMENT AGAINST RECOGNITION OF PUBLIC EMPLOYEE'S RIGHT TO STRIKE, AND SAID MOST WORRISOME ELEMENT IN JAPANESE LABOR MOVEMENT WAS INFILTRATION OF EXTREMIST RADICALS INTO PUBLIC SERVICE UNIONS SUCH AS LOCOMOTIVE ENGINEERS (DORO). END SUMMARY.

1. UNEMPLOYMENT VERSUS INFLATION AS JAPAN'S NO. ONE ECONOMIC ISSUE: IN CONVERSATION WITH LABATT SEPT 10, ADMINISTRATIVE VICE MINISTER OF LABOR DOSHO SAID THAT LAB MIN AND MITI AT LOGGERHEADS OVER WHETHER MOST SERIOUS THREAT TO JAPANESE
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PAGE 02 TOKYO 12767 111045Z

ECONOMY IS UNEMPLOYMENT OR CONTINUATION OF DOUBLE DIGIT

INFLATION. ALL PUBLIC OPINION POLLS INDICATE GREATER PUBLIC CONCERN OVER INFLATION THAN OVER RECESSION AND UNEMPLOYMENT. THE LDP SUFFERED MAJOR POLITICAL SETBACK IN LAST UPPER HOUSE ELECTION BECAUSE INFLATION SEEMED OUT OF CONTROL IN MID 1974. LAB MIN FEARS THAT IF INFLATIONARY RATE CONTINUES TO BE IN DOUBLE DIGITS, RESULT WILL BE STRONG LABOR UNION PRESSURES FOR SIZEABLE WAGE HIKES IN SPRING 1976 SETTING OFF ANOTHER INFLATIONARY SPURT. MITI AND BUSINESS CIRCLES, HOWEVER, BELIEVE THAT GOJ SHOULD GIVE FIRST PRIORITY TO STIMULATING ECONOMY AND SHOULD RISK POSSIBILITY OF COMMODITY PRICE INCREASES IN DOING SO. SINCE MITI IN PARTICULAR FEARFUL OF POSSIBLE NEGATIVE PUBLIC REACTION TO ITS APPARENT UNCONCERN OVER INFLATION, IT HAS INSPIRED MEDIA (PARTICULARLY NIHON KEIZAI SHIMBUN) TO MAGNIFY THREAT WHICH CONTINUANCE OF PRESENT LESS THAN 2 PERCENT UNEMPLOYMENT WOULD POSE TO JAPANESE SOCIAL FABRIC.

2. ACCORDING TO DOSHO, LABOR MINISTRY DOES NOT EXPECT ANY SIGNIFICANT INCREASE IN UNEMPLOYMENT RATE SINCE THERE IS AT PRESENT NO THREAT OF MASS LAYOFFS OR WIDE SCALE BANKRUPTCIES. NO NEW PROPOSALS TO COUNTER UNEMPLOYMENT WILL BE SUBMITTED TO EXTRAORDINARY DIET SESSION, ALTHOUGH GOJ (IN SUPPLEMENTARY BUDGET), WILL SEEK INCREASE IN EMPLOYMENT ADJUSTMENT BENEFIT FUND. ALSO ACCORDING TO DOSHO MAJOR CONCERN OF YOUNG JAPANESE ENTERING LABOR MARKET IS STILL NOT FINDING EMPLOYMENT AS SUCH BUT RATHER WHETHER THEY WILL BE EMPLOYED BY COMPANY OF THEIR CHOICE. TEXTILE AND SHIPBUILDING, THE TWO MOST TROUBLED INDUSTRIES IN JAPANESE ECONOMY, OWE THEIR PROBLEMS NOT TO PRESENT RECESSION BUT INSTEAD TO TEXTILE INDUSTRY'S INABILITY TO ADJUST TO RAPIDLY CHANGING DEMAND PATTERNS AND SHIPBUILDING'S OVER-INVESTMENT IN SUPER TANKERS.

3. PUBLIC EMPLOYEES RIGHT TO STRIKE. DOSHO DID NOT REPLY DIRECTLY TO A QUESTION AS TO WHETHER GOJ ADVISORY COUNCIL WOULD RECOMMEND THIS FALL THAT PUBLIC EMPLOYEES BE GIVEN RIGHT TO STRIKE, HE SAID, HOWEVER, THAT REPORT WOULD DEFINITELY NOT BE ISSUED BEFORE CONCLUSION OF CURRENT EXTRAORDINARY DIET SESSION. HE HINTED LIMITED OFFICIAL USE

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PAGE 03 TOKYO 12767 111045Z

THAT GOJ WAS UNLIKELY TO RECOGNIZE PUBLIC EMPLOYEES RIGHT TO STRIKE BY NOTING THAT IF SOHYO AFFILIATED GOVERNMENT WORKERS UNIONS DISPLAY UNHAPPINESS WITH GOVERNMENT RECOMMENDATION BY LAUNCHING RAILWAY AND POSTAL STRIKES. ADVANCE PUBLIC REACTION TO THESE STRIKES WOULD HURT SOCIALIST CANDIDATES IN NEXT LOWER HOUSE ELECTION. THEREFORE, LDP WILL PROFIT AT THE POLLS FROM SOCIALIST-GOJ CONFRONTATION

ON STRIKE ISSUE.

4. "NEW LEFT" INFILTRATION OF PUBLIC SERVICE
UNIONS. TO LAB MIN, MOST DISTURBING NEW DEVELOPMENT IN
JAPANESE ORGANIZED LABOR IS APPARENTLY PLANNED
INFILTRATION BY EXTREME LEFT WING RADICALS BELONGING
TO KAKUMARU AND CHUKAKU STUDENT FACTIONS INTO
GOVERNMENT UNIONS, PARTICULARLY LOCOMOTIVE
ENGINEERS (DORO) AND POSTAL WORKERS (ZENTEI).
LAB MIN UNDERSTANDS FROM PUBLIC SECURITY AUTHORITIES
THERE ARE NO MORE THAN 35,000 MEMBERS OF THESE TWO
STUDENT GROUPS. NEVERTHELESS ABOUT 10 PERCENT (3,500) HAVE
OBTAINED EMPLOYMENT WITH NATIONAL RAILWAYS AND THEREBY
JOINED DORO UNION IN LAST FEW YEARS. MOST OF THEM ARE
CONCENTRATED IN TOKYO AREA PARTICULARLY IN HACHIOGI.
GOJ PARTICULARLY APPREHENSIVE, THEREFORE, THAT
ANY STRIKE ACTION BY DORO LATE THIS FALL IN
SUPPORT OF EMPLOYEES RIGHT TO STRIKE CONTAINS CONSIDERABLE
POTENTIAL FOR SERIOUS VIOLENCE.
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